

Report to
Joint Legislative Oversight Committee on Mental Health, Developmental
Disabilities and Substance Abuse Services,
House of Representatives Appropriations Subcommittee on Health and Human
Services, Senate Appropriations Committee on Health and Human Services, and
Fiscal Research Division

On

LME Allocation and Fund Balance Reductions

Session Law 2009-451, Section 10.19A.(a) (b) and (c)

May 20, 2010

North Carolina Department of Health and Human Services,
Division of Mental Health, Developmental Disabilities, and Substance Abuse
Services and Division of State Operated Healthcare Facilities

Report on LME Allocation and Fund Balance Reductions
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The Special Provision outlined in Session Law, 2009-451, Section 10.19A. (a),(b) and (c), states, *The Department of Health and Human Services shall reduce the allocation of State funds to each LME as necessary to achieve budget reductions in this act for the purpose giving consideration to the LME's unrestricted fund balance and the LME's ability to supplement funding of services without impairing its financial stability. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop and implement a format for use by the LME's to account for the LME fund balance in each fiscal year. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall require quarterly reporting from the LMEs in the format required under section (a) of this section:*

As outlined in the special provision the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) was given the responsibility to allocate the reduction in state services funding initiated by the General Assembly in a manner that took into consideration the availability of Local Management Entity (LME) fund balances and to track the use of the LME fund balance for services.

The DMH/DD/SAS established a format for the reporting and tracking of LME financial activity related to the use and amount of fund balance maintained by the LME.

1. The review of the LMEs' year end audited financial report (June 30, 2009)
2. The Financial Monitoring Report - an established reporting process, whereby the LMEs submit data on financial activity to the Division quarterly.
3. An Excel worksheet for each LME to report monthly on fund balance activity.
4. Follow up by Budget staff through direct contact, telephone, emails and other correspondences.

The charts on the next page, reflect a summary of the information reported by the LMEs. Chart A outlines the LMEs which have applied a portion or the entire requested fund balance amount towards services through April 2010. Chart B outlines the LMEs which have not applied any fund balance towards services as of the reporting period ending April 2010. The Division will continue to monitor the LMEs' use of fund balance through year-end reporting and budgeting later in June 2010.

The Division requested and received from the LMEs the relevant information to determine the various criteria outlined by the legislation. The accompanying worksheets in Appendix A provide the detailed information as submitted by the LMEs.

Chart A

Division of Mental Health/Developmental Disabilities/Substance Abuse Services
Local Management Entities In Compliance
Fund Balance Report
Period Ending April 2010

	Local Management Entity	DMH/DD/SAS Requested Fund Balance Appropriation for Services Fiscal Year 2010	Fund Balance used for Services through April 2010	Fund Balance amount remaining for services
1	Alamance-Caswell 1	0	0	0
2	Albemarle 1	0	0	0
3	Beacon Center	4,000,000	2,355,992	1,644,008
4	Crossroads	500,000	500,000	0
5	Eastpointe	1,000,000	879,000	121,000
6	Five County 2	500,000	3,182,544	
7	Onslow-Carteret 2	125,000	179,204	
8	Orange-Person-Chatham 1	0	0	0
9	Sandhills 2	1,500,000	1,641,490	
10	Smoky Mountain	3,000,000	1,975,000	1,025,000
11	Southeastern 1	0	0	0
12	Durham	0	0	0
13	Johnston 3	0	1,416,670	
14	Wake	0	0	0
15	Western Highlands	1,500,000	1,028,085	471,915
	GRAND TOTAL	12,125,000	13,157,985	3,261,923

Note: 1 LMEs did not have sufficient fund balance for allocation.

Note: 2 LMEs fund balance expended for services exceeded amount requested, therefore not calculated in the amount remaining for services.

Note: 3 Johnston Co. reported local funds used for services.

Chart B

Division of Mental Health/Developmental Disabilities/Substance Abuse Services
Local Management Entities Not In Compliance
Fund Balance Report
Period Ending April 2010

	Local Management Entity	DMH/DD/SAS Requested Fund Balance Appropriation for Services Fiscal Year 2010	Fund Balance used for Services through April 2010	Fund Balance amount remaining for services
1	Centerpoint	350,000	0	350,000
2	ECBH	1,000,000	0	1,000,000
3	Mental Health Partners	750,000	0	750,000
4	Pathways	1,000,000	0	1,000,000
5	Piedmont	500,000	0	500,000
6	Southeastern Regional	1,300,000	0	1,300,000
7	Cumberland 1	150,000	0	150,000
8	Guilford 1	1,200,000	0	1,200,000
9	Mecklenburg 1	3,500,000	0	3,500,000
	GRAND TOTAL	9,750,000	0	9,750,000

The chart reflects the LMEs that have not expended fund balance for services

Note: 1 The fund balance used for services for these Single County LMEs is determine by the reported local appropriations for services.